



MORETELE LOCAL MUNICIPALITY

Annual Financial Statements

for the year ended

30 JUNE 2008



MORETELE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 JUNE 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 28, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

MR D.M. Mfoloe
Municipal Manager

31 August 2008

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FOREWORD

The past year has been characterized by a number of challenges and successes at our municipality. A major challenge remains the shortage of staff in critical positions and the exodus of the very few we have recruited.

In this regard, the municipality resolved to take drastic steps to remedy the situation and the following are among the key measures implemented:

- Economically feasible rates, and tariffs were adopted to address the low income generation problem;
- A municipal wide cost recovery strategy was developed and is being implemented;
- Relevant training programmes have been identified for the staff to provide job oriented capacitation;
- A staff retention plan has been developed and is ready for implementation;
- The number of interns and other deployees from Dplg and DBSA has been increased to bridge the gap in skills and related municipal governance experience.

The financial statements as presented below seek to satisfy the requirements of Section 126(1)(a) of the MFMA and I am pleased that our municipality has been able to comply with the latter requirements for two successive years.

Lastly, I am also relieved and pleased to announce that all issues raised by the Auditor General in the 2006/07 report have been sufficiently attended to and processes to stabilize our management are underway. I look forward to the continued partnership we have enjoyed and benefited from. The AG's office has restored the character of our institution and we are thankful.

Her Worship The Honorable Mayor

Clr. Molekwa A.M.

MORETELE LOCAL MUNICIPALITY

GENERAL INFORMATION

Members of the executive committee:

Clr. Molekwa A.M. (**Mayor**)
Clr. Mboweni E.G. (Speaker)
Clr. Lehari S.J.
Clr. Magongwa L.J.
Clr. Motshabi S.M.
Clr. Maphosa M.A.
Clr. Matheba A.M.
Clr. Molefi O.
Clr. Motsepe K.L.
Clr. Kau M.J.
Clr. Mokgohloa S.G.
Clr. Seakgoe M.P.

Grading of local authority:

Grade 2

Auditor:

The Auditor - General
PO Box 2839
Rustenburg
0300
Tel: (014) 597 3903
Fax: (014) 597 4083

Bankers:

ABSA Bank (Pretoria North)
PO Box 16773
Pretoria North
0116

Registered office:

Private Bag X367 4065 B
Makapanstad Mathibestad
0404 (Municipal Offices)

Telephone: (012) 716 9998
Facsimile: (012) 716 9999

Municipal Manager

Mr. D.M. Mfoloe

Chief Financial Officer

Mr. F.T. Mabokela

Moretele Local Municipality was established in 2000 as a category B municipality in terms of the Constitution. As such, it shares municipal executive and legislative authority in its area with the Bojanala District Municipality. Moretele Local Municipality has executive authority over and has the right to administer the local government matters assigned to local municipalities by the Constitution. These include regulation and control of the electricity reticulation network, fire fighting and prevention, local tourism, municipal planning, stormwater management, the provision of potable water and sanitation, the provision and management of local sports facilities, parks and recreation, the construction of municipal roads, and refuse removal and waste disposal.

MORETELE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		364,105,519	326,523,207
Housing Development Fund	1	-	-
Capital replacement reserve		9,545,333	14,085,763
Government grant reserve		300,477,443	195,011,432
Accumulated Surplus/(Deficit)		54,082,743	117,426,012
Non-current liabilities		-	-
Long-term liabilities	2	-	-
Non-current provisions	3	-	-
Current liabilities		79,348,936	86,368,977
Creditors	6	37,989,900	66,624,228
Unspent conditional grants and receipts	7	29,351,931	17,283,548
VAT	8	2,369,130	2,461,200
Bank overdraft	18	9,637,975	-
Total Net Assets and Liabilities		443,454,455	412,892,184
ASSETS			
Non-current assets		418,248,078	309,129,796
Property, plant and equipment	10	418,248,078	309,129,796
Long-term receivables	13	-	-
Current assets		25,206,377	103,762,388
Inventory	14	-	-
Consumer debtors	15	4,064,743	8,249,894
Other debtors	16	166,376	46,537,888
VAT	8	17,662,621	30,903,793
Call investment deposits	17	3,257	3,134
Bank balances and cash	18	3,309,381	18,067,678
Total Assets		443,454,455	412,892,184

**MORETELE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2008**

Budget			Actual	
2007 R	2008 R		2008 R	2007 R
REVENUE				
2,517,836	1,130,087	Property rates	1,378,246	321,172
25,332,748	19,969,909	Service charges	5,431,566	12,375,903
-	-	Rental of facilities and equipment		
330,272	650,793	Interest earned - external investments	950,594	1,558,891
		Interest earned - outstanding debtors	1,038,258	313,816
84,155,200	88,821,786	Government grants and subsidies	202,325,867	205,817,803
210,450	459,954	Other income	636,308	550,145
(18,000,000)	-	Public contributions, donated and contributed property,	-	-
94,546,506	111,032,529	Total Revenue	211,760,839	220,937,730
EXPENDITURE				
18,382,744	28,830,008	Employee related costs	19,940,976	15,748,997
11,718,200	8,604,111	Remuneration of Councillors	9,393,025	7,800,988
-	9,212,574	Depreciation	16,201,170	12,626,661
2,808,374	1,700,623	Repairs and maintenance	3,227,803	2,213,040
-	99,930	Interest paid	99,930	-
11,061,316	11,061,316	Bulk purchases	19,111,145	20,947,521
10,308,995	10,308,995	Contracted services	18,249,048	8,345,334
176,910	176,910	Contributions to provision for leave	292,189	-
303,372	303,372	Contributions to provision for audit fees	2,997,042	-
6,200,000	9,027,686	Contributions to provision for bad debts	-	6,812,475
8,750,000	9,221,757	Contributions to CRR	-	8,691,108
24,807,058	32,278,035	General expenses	41,799,381	30,171,794
-	-	Loss on disposal of property, plant and equipment		
94,516,969	120,825,316	Total Expenditure	131,311,709	113,357,918
29,537	(9,792,787)	SURPLUS/(DEFICIT)	80,449,130	107,579,812
-	-	Share of surplus/(deficit) of associate accounted for under the equity method	-	-
29,537	(9,792,787)	SURPLUS/(DEFICIT) FOR THE YEAR	80,449,130	107,579,812
Refer to Appendix E(1) for explanation of variances				

MORETELE LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Capital Replacement Reserve	Government Grant Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R	R
2007				
Balance at 1 July 2006	8,624,211	85,212,960	112,767,570	206,604,741
Correction of error (Note 32)			3,536,303	3,536,303
Implementation of GAMAP (Note 30)				-
Change in accounting policy (Note 31)				-
Restated balance	8,624,211	85,212,960	116,303,873	210,141,044
Surplus/(deficit) for the year			107,579,812	107,579,812
Transfer to CRR	8,691,109		3,229,557	11,920,666
Property, plant and equipment purchased	(3,229,557)	120,576,653		117,347,096
Capital grants used to purchase PPE			(120,576,653)	(120,576,653)
Donated/contributed PPE				-
Contribution to Insurance Reserve				-
Insurance claims processed				-
Transfer to other funds				-
Asset disposals				-
Prior year adjustments			111,243	111,243
Offsetting of depreciation		(10,778,180)	10,778,180	-
Balance at 30 June 2007	14,085,763	195,011,433	117,426,012	326,523,208
2008				
Opening balance as previously reported	14,085,763	195,011,433	117,426,012	326,523,208
Correction of error (Note 32)			(42,866,815)	(42,866,815)
Change in accounting policy (Note 31)				-
Restated balance	14,085,763	195,011,433	74,559,197	283,656,393
Surplus/(deficit) for the year			80,449,126	80,449,126
Transfer to CRR	-		4,540,430	4,540,430
Property, plant and equipment purchased	(4,540,430)	120,356,641		115,816,211
Capital grants used to purchase PPE			(120,356,641)	(120,356,641)
Donated/contributed PPE				-
Contribution to bad debts provision				-
Insurance claims processed				-
Transfer to Housing Development Fund				-
Asset disposals				-
Prior year adjustments				-
Offsetting of depreciation		(14,890,630)	14,890,630	-
Balance at 30 June 2008	9,545,333	300,477,444	54,082,742	364,105,519

MORETELE LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other			165,845,723
Cash paid to suppliers and employees			77,469,995
Cash generated from/(utilised in) operations	33	100,072,645	88,375,728
Dividends received			
Interest received		950,594	1,558,891
Interest paid		(99,930)	
NET CASH FROM OPERATING ACTIVITIES		100,923,309	89,934,619
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(125,319,453)	(123,757,209)
Decrease in call investment deposits		(123)	(35)
NET CASH FROM INVESTING ACTIVITIES		(125,319,576)	(123,757,244)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(24,396,267)	(33,822,625)
Cash and cash equivalents at the beginning of the year		18,067,672	51,890,297
Cash and cash equivalents at the end of the year	34	(6,328,595)	18,067,672

**MORETELE LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

MANDATORY ACCOUNTING POLICIES APPLIED

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The municipality does not operate a Housing Development Fund.

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR (previously called the AFF). A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited with a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balances on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance in the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.3 Government Grant Reserve

In accordance with a directive (budget circular) issued by National Treasury, when items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the government grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of

this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.4 Donations and Public Contributions Reserve

In accordance with a directive (budget circular) issued by National Treasury, when items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations or public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.5 Self-Insurance Reserve

The municipality does not operate a Self-Insurance Reserve.

5.6 COID Reserve

The municipality does not operate a COID Reserve.

5.7 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve, styled the Revaluation Reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, are stated at cost less accumulated depreciation, except land and buildings, which are periodically revalued (see 7. below). Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified, except to the extent that the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings is recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, is measured at its fair value. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets concerned. The annual depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>		<u>Years</u>
Infrastructure		Other	
Roads and paving	10 -20	Buildings	30
Electricity	20-30	Specialist vehicles	10
Water	15-20	Other vehicles	5
Sewerage	15-20	Office equipment	3-7
Housing	30	Furniture and fittings	5
		Bins and containers	5

	<u>Years</u>		
Community		Specialised plant and equipment	10-15
Buildings	30	Other items of plant and equipment	2-5
Recreational facilities	20-30	Landfill sites	15
Security	5		

In the first year in which an asset is taken into use, the annual depreciation charges are calculated according to the number of calendar days the asset is in use divided by 365.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance as revenue or expenses, as the case may be.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

7. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation in respect of buildings.

8. INVESTMENTS

8.1 Financial Instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2 Investment in Associates, Municipal Entities and Joint Ventures

The municipality does not have investments in associates, entities or joint ventures.

9. INVENTORIES

The municipality does not carry inventories.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at expected realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and metered consumption is recognised as revenue when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when billed. Adjustments to provisional estimates of consumption are made in the billing period in which meters have been read, and are recognised in this period. Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised monthly in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly according to the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges for sewerage and sanitation are based on the number of sewerage connections on each developed property, using the tariffs approved by Council, and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis in terms of the agency agreement once the income collected has been quantified.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met, or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received, but the municipality has not met the conditions, a liability is recognised

12.2 Revenue from Non-Exchange Transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

14. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Non-current provisions are discounted to present value using a discount rate based on the average cost of borrowing to the municipality.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions, with maturities of three months or less, and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised

expenditure is accounted for as an expense in the Statement of Financial Performance, and if recovered is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance, and if recovered is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance, and if recovered is subsequently accounted for as revenue in the Statement of Financial Performance.

19. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions concerned. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

20. COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

20.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

21. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

22. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

MORETELE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
1. HOUSING DEVELOPMENT FUND		
The municipality did not operate a housing development fund.		
2. LONG-TERM LIABILITIES		
The municipality did not have any long-term liabilities.		
Appendix A which normally contains more detail on long-term liabilities is therefore blank.		
3. NON-CURRENT PROVISIONS		
The municipality did not have any non current provisions.		
4. CONSUMER DEPOSITS		
The municipality did not hold any consumer deposits.		
5. PROVISIONS		
The municipality did not have any provision for performance bonuses.	-	-
Total Provisions	<u>-</u>	<u>-</u>
Performance bonuses accrue to employees on an annual basis, subject to certain conditions. The municipality did not accrue any bonuses.		
6. CREDITORS		
Trade creditors	2,118,077	25,533,844
Payments received in advance & other service debtors in credit	536,089	225,319
Governmental creditors	-	37,676,508
Staff leave	1,659,846	1,388,680
Other creditors	33,675,888	1,799,876
Total Creditors	<u>37,989,900</u>	<u>66,624,228</u>
7. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
7.1 Conditional Grants from other spheres of Government	29,351,931	17,283,548
Bojanala Platinum District Municipality (see note 21)	-	39,089,575
MIG Grants (see note 21)	5,543,798	(357,757)
DPLG & H Grants (see note 21)	6,727,579	(40,843,628)
Other Grants	17,080,555	19,395,359
7.2 Other Conditional Receipts	-	-
Developers Contributions – Electricity	-	-
Public contributions	-	-
Total Conditional Grants and Receipts	<u>29,351,931</u>	<u>17,283,548</u>
See Note 21 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized.		
8. VAT		
VAT receivable	<u>17,662,621</u>	<u>30,903,793</u>
VAT payable	<u>2,369,130</u>	<u>2,461,200</u>
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT recognised as payable.		
9. SHORT-TERM LOANS		
The Municipality did not have any short term loans.		

MORETELE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10. PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing	Leased infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2007	62,900,564	161,981,265	9,342,754	-	7,350,327	67,554,887	-	309,129,797
Cost	65,947,950	174,456,600	9,684,342	-	13,878,765	70,390,060	-	334,357,717
Correction of error (note 32)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	(3,047,386)	(12,475,335)	(341,588)	-	(6,528,438)	(2,835,173)	-	(25,227,920)
- Cost	(3,047,386)	(12,475,335)	(341,588)	-	(6,528,438)	(2,835,173)	-	(25,227,920)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	15,998,680	42,488,429	4,323,456	-	643,834	61,865,054	-	125,319,453
Capital under Construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	(2,295,223)	(8,453,216)	(381,013)	-	(1,911,902)	(3,159,817)	-	(16,201,171)
- based on cost	(2,295,223)	(8,453,216)	(381,013)	-	(1,911,902)	(3,159,817)	-	(16,201,171)
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
-Cost/Revaluation	-	-	-	-	-	-	-	-
-Accumulated depreciation	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
	76,604,021	196,016,479	13,285,196	-	6,082,257	126,260,125	-	418,248,079
Carrying values at 30 June 2008	76,604,021	196,016,478	13,285,197	-	6,082,259	126,260,124	-	418,248,079
Cost	81,946,630	216,945,029	14,007,798	-	14,522,599	132,255,114	-	459,677,170
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	(5,342,609)	(20,928,551)	(722,601)	-	(8,440,340)	(5,994,990)	-	(41,429,091)
- Cost	(5,342,609)	(20,928,551)	(722,601)	-	(8,440,340)	(5,994,990)	-	(41,429,091)
- Revaluation	-	-	-	-	-	-	-	-

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing	Leased infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006	37,843,063	100,872,516	5,625,348	-	9,611,544	44,046,778	-	197,999,249
Cost	39,552,820	106,739,764	5,715,248	-	13,540,811	44,897,271	-	210,445,914
Correction of error (note 32)	-	154,594	-	-	-	-	-	154,594
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,709,757)	(6,021,842)	(89,900)	-	(3,929,267)	(850,493)	-	(12,601,259)
- Cost	(1,709,757)	(6,021,842)	(89,900)	-	(3,929,267)	(850,493)	-	(12,601,259)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	26,395,130	67,562,242	3,969,094	-	386,954	25,492,789	-	123,806,209
Capital under Construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	(1,337,629)	(6,453,493)	(251,688)	-	(2,599,171)	(1,984,680)	-	(12,626,661)
- based on cost	(1,337,629)	(6,453,493)	(251,688)	-	(2,599,171)	(1,984,680)	-	(12,626,661)
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
-Cost/Revaluation	-	-	-	-	-	-	-	-
-Accumulated depreciation	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	(49,000)	-	-	(49,000)
	62,900,564	161,981,265	9,342,754	-	7,350,327	67,554,887	-	309,129,797
Cost	65,947,950	174,456,600	9,684,342	-	13,878,765	70,390,060	-	334,357,717
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	(3,047,386)	(12,475,335)	(341,588)	-	(6,528,438)	(2,835,173)	-	(25,227,920)
- Cost	(3,047,386)	(12,475,335)	(341,588)	-	(6,528,438)	(2,835,173)	-	(25,227,920)

Land and buildings are very recent assets and are not yet revalued.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

11. INVESTMENT PROPERTY

The municipality did not have any investment property.

12. INVESTMENTS

The municipality did not have any investments.

13. LONG-TERM RECEIVABLES

The municipality did not have any long-term receivables.

14. INVENTORY

The municipality did not have any inventory.

MORETELE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

15. CONSUMER DEBTORS

As at 30 June 2008

Service debtors
Rates
Water
Refuse
Vat Control
Interest Control
Sundry: Yard Connections
RD Cheques

Gross Balance	Provision for bad debts	Net Balance
16,856,131	(12,791,388)	4,064,743
3,619,179	(2,384,650)	1,234,529
7,030,627	(10,406,738)	(3,376,111)
3,318,403		3,318,403
1,481,699	-	1,481,699
1,399,446	-	1,399,446
6,777	-	6,777
-	-	-
16,856,131	(12,791,388)	4,064,743

Total

As at 30 June 2007

Service debtors
Rates
Water
Vat Control
Interest Control
Sundry: Yard Connections

18,217,313	(9,967,419)	8,249,894
2,421,981	(2,384,650)	37,331
11,809,951	(7,582,769)	4,227,182
1,659,202		1,659,202
1,903,413	-	1,903,413
415,563	-	415,563
7,203	-	7,203
18,217,313	(9,967,419)	8,249,894

Total

Rates: Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
+ 91 Days

Total

2008	2007
116,550	115,191
116,550	115,190
116,550	114,422
3,187,939	2,077,178
3,537,589	2,421,981

Water: Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
+ 91 Days

Total

2008	2007
311,395	787,895
313,342	214,564
320,213	299,271
7,075,417	10,508,221
8,020,367	11,809,951

Refuse: Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
+ 91 Days

Total

2008	2007
167,243	-
166,472	-
164,123	-
3,281,114	-
3,778,952	-

16. OTHER DEBTORS

Government subsidies
Other debtors

Total Other Debtors

-	46,364,815
166,376	173,073
166,376	46,537,888

17. CALL INVESTMENT DEPOSITS

Other Deposits

3,257	3,134
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Other deposits of R3 257 (2007: R3 134) are available on request and can be made available to any operation of the municipality.

18. BANK, CASH AND OVERDRAFT BALANCES

The Municipality had the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank Limited – Pretoria North
Account Number 40-5331-7014
Petty Cash
Cash book balance at beginning of year –
Cash book balance at end of year –

17,101,369	48,400,320
(9,637,975)	17,101,369

Bank statement balance at beginning of year –
Bank statement balance at end of year –

18,805,947	41,416,956
21,378,191	18,805,947

Other Accounts

ABSA Bank Limited – Pretoria North	Carousel View (account closed during 2007-08)
Account Number 40-5548-0708	

Cash book balance
Bank statement balance

-	72,570
-	72,570

ABSA Bank Limited – Pretoria North	Previously Office Accommodation. This account has now become the designated account for the Capital Replacement Reserve
Account Number 40-5497-7984	

Cash book balance
Bank statement balance

175,168	165,570
175,168	165,570

ABSA Bank Limited – Pretoria North	Previously Mathibestad Low Cost Housing. This account has now become the designated account for the Unspent Conditional Grants
Account Number 40-5497-7536	

MORETELE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Cash book balance	3,113,021	553,686
Bank statement balance	3,113,021	553,686

ABSA Bank Limited – Pretoria North
Account Number 40-5497-7235 Ga-Moeka (account closed during 2007-08)

Cash book balance	-	367
Bank statement balance	-	341

ABSA Bank Limited – Pretoria North
Account Number 40-5497-6564 Previously Swartboom/Cyferskuil Formalization. This account has now become the designated account for Salaries and Related Payments

Cash book balance	21,192	174,116
Bank statement balance	21,192	174,116

19. PROPERTY RATES

Actual		
Residential	1,378,246	321,172
Commercial		
State		
Total Assessment Rates	1,378,246	321,172

Valuations

	July 2007 R000s	July 2006 R000s
Residential		-
Commercial		-
State		-
Municipal		-
Total Property Valuations	-	-

20. SERVICE CHARGES

Sale of water (Including basic charges)	5,431,566	12,375,903
Total Service Charges	5,431,566	12,375,903

21. GOVERNMENT GRANTS AND SUBSIDIES

1 Equitable share	55,568,227	47,984,485
2 MIG / CMIP	42,492,908	43,213,260
3 Department of Water Affairs Grants	11,656,500	27,053,762
4 Bojanala Platinum District Municipality Grants	12,500,000	16,188,362
6 Department of Development Local Government and Housing Grants	77,863,734	-
7 Municipal Systems Improvement Grants	1,317,638	4,500,000
8 Other Grants	926,860	-
Total Government Grant and Subsidies	202,325,867	138,939,869

21.1 Equitable Share

Although an unconditional grant, in terms of the Constitution, the municipality used the grant to subsidise the provision of basic services to the community.

22. OTHER INCOME

Sale of assets	-	-
Other income	88,729	68,716
Recovery of expenditure (Councillors cellphones)	547,579	480,085
Total Other Income	636,308	548,801

23. EMPLOYEE RELATED COSTS

Employee related costs – Salaries and Wages	11,916,165	9,637,587
Employee related costs – Contributions to UIF, pensions and medical aids	4,077,853	2,898,467
Travel, motor car, accommodation, subsistence and other allowances	2,541,656	1,880,558
Housing benefits and allowances	63,463	43,882
Overtime payments	1,341,839	1,288,503
Performance bonus		
Total Employee Related Costs	19,940,976	15,748,997

Remuneration of the Municipal Manager

Annual Remuneration	307,994	269,776
Performance Bonuses	-	-
Car Allowance	177,759	117,481
Contributions to UIF, Medical and Pension Funds	91,035	88,196
Total	576,788	475,454

Remuneration of the Chief Finance Officer

Annual Remuneration	329,333	197,307
Performance Bonuses	-	-
Car Allowance	163,212	134,004
Contributions to UIF, Medical and Pension Funds	69,804	69,830
Total	562,349	401,140

MORETELE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Remuneration of Individual Departmental Heads

30-Jun-08

Annual Remuneration
Performance Bonuses
Car Allowance
Medical and Pension Funds
Total

Technical Service	Corporate Service
281,042	283,690
-	-
158,758	142,505
88,156	67,470
527,956	493,665

24. REMUNERATION OF COUNCILLORS

Mayor
Deputy Mayor
Speaker
Executive Committee Members
Councillors
Councillors' medical contribution
Councillors' pension contribution
Total Councillors' Remuneration

9,393,025	7,768,735
-	32,253
-	-
9,393,025	7,800,988

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has two full-time bodyguards.

25. INTEREST PAID

Bank overdrafts
Total Interest on External Borrowings

99,930	-
99,930	-

26. BULK PURCHASES

Water

19,111,145	20,947,521
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27. GRANTS AND SUBSIDIES PAID

The municipality did not pay any grants or subsidies.

28. GENERAL EXPENSES

41,799,381	30,171,794
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The Municipality did not incur any material unforeseen or extraordinary expenses or sustain any material losses.

29. SURPLUS OF ASSOCIATE

The Municipality has no investment in associates.

30. CHANGE IN ACCOUNTING POLICY – IMPLEMENTATION OF GAMAP

The conversion was completed in 2006

31. CHANGE IN ACCOUNTING POLICY

There were no changes in accounting policies

32. CORRECTION OF ERROR

During the year ended 30 June 2008, the following errors had to be corrected.

Reversal of stale cheques	(162,817)
Interest adjustment	26
Prior year adjustment	(1,001)
Water billing adjustment	8,803,750
Tshwane water account	34,233,225
Fund transfer	(6,369)
	42,866,814

33. CASH GENERATED BY OPERATIONS

Surplus for the year	80,449,130	107,579,812
Adjustment for:-		
Depreciation	16,201,170	12,626,661
Contribution to Capital Replacement Reserve	-	8,691,108
Prior year adjustments	(42,866,815)	111,242
Investment income	(950,594)	(1,558,891)
Interest paid	99,930	-
Operating surplus before working capital changes:	52,932,821	127,449,932
Decrease in inventories		
(Increase)/decrease in debtors	4,185,151	(8,074,995)
(Increase)/decrease in other debtors	46,371,512	(22,780,230)
(Decrease)/increase in conditional grants and receipts	12,068,385	(26,613,846)
Increase/(decrease) in creditors	(28,634,326)	34,191,880
(Decrease)/Increase in VAT (nett)	13,149,102	(15,797,013)
Cash generated by/(utilised in) operations	100,072,645	88,375,728

MORETELE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	3,309,381	18,067,678
Bank overdraft	(9,637,975)	-
Total cash and cash equivalents	(6,328,594)	18,067,678

35. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

The Municipality did not have long-term liabilities.

36. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Unauthorised expenditure

The Municipality has not incurred any unauthorised expenditure.

36.2 Fruitless and wasteful expenditure

The Municipality has not incurred any fruitless and wasteful expenditure.

36.3 Irregular expenditure

The Municipality has not incurred any irregular expenditure.

37. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

37.1 Contributions to organized local government

Opening balance	-	-
Council subscriptions	12,609	10,056
Amount paid – current year	(12,609)	(10,056)
Amount paid – iro previous years	-	-
Balance unpaid (included in creditors)	-	-

37.2 Audit fees

Opening balance	-	-
Current year audit fee	813,117	-
Amount paid – current year	(813,117)	-
Amount paid – iro previous years	-	-
Balance unpaid (included in creditors)	-	-

37.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 44.

37.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	3,169,117	3,029,667
Amount paid – current year	(3,169,117)	(3,029,667)
Amount paid – iro previous years	-	-
Balance unpaid (included in creditors)	-	-

37.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	6,966,670	5,465,293
Amount paid – current year	(6,966,670)	(5,465,293)
Amount paid – iro previous years	-	-
Balance unpaid (included in creditors)	-	-

37.6 Councillor's arrear consumer accounts

The were no councillors arrears outstanding for more than 90 days as at: 30 June 2008

MORETELE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

38. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

Infrastructure
Community
Heritage
Other
Housing Development Fund
Investment Properties

- Approved but not yet contracted for

Infrastructure
Community
Heritage -
Other
Housing Development Fund
Investment Properties -

Total

This expenditure will be financed from:

- External Loans
- Capital Replacement Reserve
- Government Grants
- Own resources
- District Council Grants

-	-

-	-

-	-
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-	-
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39. RETIREMENT BENEFIT INFORMATION

All Councillors and employees belong to 2 defined benefit retirement funds administered by the Provincial Pension Fund. These funds are subject to a triennial actuarial valuation.

40. CONTINGENT LIABILITY

The Municipality did not have any contingent assets.

41. CONTINGENT ASSET

The Municipality did not have any contingent assets.

42. IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance

43. PRIVATE PUBLIC PARTNERSHIPS

The Municipality is not engaged in any private public partnerships.

44. EVENTS AFTER THE REPORTING DATE

No significant events influencing the contents of the financial statements occurred after the reporting date.

45. There were no deviations from the Municipality's supply chain management policy.

46. No contracts with a value exceeding R2000 were awarded to the spouses or close relatives of any one in public service or to a company or other bidder whose directors or shareholders are spouses or close relatives of any one in public service.

APPENDIX A

MORETELE LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2007	Received during the period	Redeemed written off during the	Balance at 30/06/2008	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS								
Total long-term loans			-	-	-	-	-	-
ANNUITY LOAN			-	-	-	-	-	-
GOVERNMENT LOANS								
			-	-	-	-	-	-
LEASE LIABILITY								
TOTAL EXTERNAL LOANS			-	-	-	-	-	-

The Municipality did not have any long-term liabilities.

Appendix A which normally contains more detail on long-term liabilities is therefore blank.

APPENDIX B

MORETELE LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation				Carrying Value	Budget Additions 2008
	Opening Balance	Additions	Under Construction	Adjustment	Closing Balance	Opening Balance	Additions	Adjustment	Closing Balance		
Land and Buildings											
Land	65,947,950	15,998,680			81,946,630	(3,047,386)	(2,295,223)		(5,342,609)	76,604,021	
	65,947,950	15,998,680	-	-	81,946,630	(3,047,386)	(2,295,223)	-	(5,342,609)	76,604,021	-
Infrastructure											
Roads	5,225,370	-			5,225,370	(1,466,847)	(484,374)		(1,951,221)	3,274,149	
Sanitation	11,271,657	17,056,822			28,328,479	(135,583)	(607,563)		(743,146)	27,585,333	
Electricity Mains	45,302,277	1,204,943			46,507,220	(4,487,061)	(2,270,924)		(6,757,985)	39,749,235	
Water Infrastructure	112,657,298	24,226,664			136,883,962	(6,385,845)	(5,090,355)		(11,476,200)	125,407,762	7,400,715
	174,456,602	42,488,429	-	-	216,945,031	(12,475,337)	(8,453,216)	-	(20,928,552)	196,016,479	7,400,715
Community Assets											
Buildings	5,587,051	1,955,004			7,542,055	(194,949)	(220,151)		(415,100)	7,126,955	
LED	830,349	1,871,167			2,701,516	(27,578)	(40,132)		(67,710)	2,633,806	60,000
Sport	242,360	-			242,360	(10,208)	(8,079)		(18,287)	224,073	
Spatial	112,034	-			112,034	(3,734)	(3,735)		(7,469)	104,565	
Cemeteries	2,912,548	497,285			3,409,833	(105,120)	(108,916)		(214,036)	3,195,797	60,000
	9,684,342	4,323,456	-	-	14,007,798	(341,589)	(381,013)	-	(722,602)	13,285,196	120,000
Heritage Assets											
Historical Buildings	-				-	-			-	-	
Painting & Art Galleries	-				-	-			-	-	
	-	-	-	-	-	-	-	-	-	-	-
Housing											
Land	70,390,061	61,865,054			132,255,115	(2,835,173)	(3,159,817)		(5,994,990)	126,260,125	
	70,390,061	61,865,054	-	-	132,255,115	(2,835,173)	(3,159,817)	-	(5,994,990)	126,260,125	-
Leased Assets (Infrastructure)											
Sewerage Mains & Purify					-	-			-	-	
	-	-	-	-	-	-	-	-	-	-	-
Other Assets											
Furniture & Fittings	1,974,187	-		-	1,974,187	(1,146,869)	(321,485)		(1,468,354)	505,833	
Emergency Equipment					-	-			-	-	
Motor vehicles	5,544,058	484,658			6,028,716	(2,880,617)	(465,437)		(3,346,054)	2,682,662	
Computer equipment	4,003,469	66,186			4,069,655	(1,542,681)	(777,144)		(2,319,825)	1,749,830	15,000
Office equipment	1,054,396	92,990			1,147,386	(317,829)	(138,508)		(456,337)	691,049	
Tools and loose gear	1,302,656	-			1,302,656	(640,445)	(209,328)		(849,773)	452,883	
	13,878,766	643,834	-	-	14,522,600	(6,528,440)	(1,911,902)	-	(8,440,343)	6,082,257	15,000
Total	334,357,721	125,319,453	-	-	459,677,174	(25,227,925)	(16,201,171)	-	(41,429,096)	418,248,078	7,535,715

APPENDIX C

MORETELE LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation				Carrying Value	Budget Additions 2008
	Opening Balance	Additions	Under Construction	Adjustment	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Executive & Council					-						
Finance & Admin	13,878,766	643,834	-	-	14,522,600	(6,528,440)	(1,911,902)	-	(8,440,342)	6,082,258	15,000
Planning & Development					-				-	-	
Health					-				-	-	
Community & Social Services	9,684,342	4,323,456	-	-	14,007,798	(341,589)	(381,013)	-	(722,602)	13,285,196	120,000
Housing	70,390,061	61,865,054	-	-	132,255,115	(2,835,173)	(3,159,817)	-	(5,994,990)	126,260,125	-
Emergency					-				-	-	
Sport & Recreation					-				-	-	
Environmental Protection					-				-	-	
Sanitation	11,271,657	17,056,822	-	-	28,328,479	(135,583)	(607,563)	-	(743,146)	27,585,333	-
Roads	5,225,370	-	-	-	5,225,370	(1,466,847)	(484,374)	-	(1,951,221)	3,274,149	-
Water	112,657,298	24,226,664	-	-	136,883,962	(6,385,845)	(5,090,355)	-	(11,476,200)	125,407,762	7,400,715
Electricity	45,302,277	1,204,943	-	-	46,507,220	(4,487,061)	(2,270,924)	-	(6,757,985)	39,749,235	-
Other	65,947,950	15,998,680	-	-	81,946,630	(3,047,386)	(2,295,223)	-	(5,342,609)	76,604,021	-
TOTAL	334,357,721	125,319,453	-	-	459,677,174	(25,227,924)	(16,201,171)	-	(41,429,095)	418,248,079	7,535,715

APPENDIX D

MORETELE LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
570,085	21,354,577	(20,784,492)	Executive And Council	453,293	25,881,121	(25,427,828)
480,085	12,912,048	(12,431,963)	Mayor / Councillors	453,293	13,799,771	(13,346,478)
-	1,645,283	(1,645,283)	Administration And Support	-	2,570,447	(2,570,447)
90,000	956,508	(866,508)	Communications	-	1,430,005	(1,430,005)
-	2,724,441	(2,724,441)	LED Administration	-	3,517,362	(3,517,362)
-	2,633,511	(2,633,511)	Community Liason	-	3,782,626	(3,782,626)
-	482,787	(482,787)	Performance Management	-	780,910	(780,910)
-	2,330,463	(2,330,463)	Strategic Services	-	4,617,294	(4,617,294)
-	1,510,845	(1,510,845)	Municipal Manager Administration	-	3,642,951	(3,642,951)
-	819,618	(819,618)	IDP Administration	-	974,343	(974,343)
-	-	-	Internal Audit	-	-	-
175,302,757	19,604,026	155,698,731	Financial Services	181,719,478	16,711,376	165,008,102
175,302,757	19,604,026	155,698,731	Financial Services Administration	181,719,478	16,711,376	165,008,102
1,007,803	22,715,790	(21,707,987)	Corporate Services	-	28,793,163	(28,793,163)
1,007,803	17,480,395	(16,472,592)	Administration	-	25,053,059	(25,053,059)
-	216,895	(216,895)	Information Technology	-	824,763	(824,763)
-	5,018,500	(5,018,500)	Human Resources	-	2,915,341	(2,915,341)
44,057,086	42,710,846	1,346,239	Technical Services	29,588,067	50,178,423	(20,590,356)
-	1,301,665	(1,301,665)	Other	-	2,926,356	(2,926,356)
37,742,697	30,119,844	7,622,853	Water Services	19,746,276	27,881,659	(8,135,383)
-	2,416,022	(2,416,022)	Roads & Stormwater	-	3,080,972	(3,080,972)
6,314,389	6,614,884	(300,495)	Waste Management	9,841,791	13,098,790	(3,256,999)
-	2,258,430	(2,258,430)	Electricity	-	3,190,645	(3,190,645)
-	4,642,216	(4,642,216)	Social Development	-	5,130,330	-5,130,330
-	460,055	(460,055)	Social Services Administration	-	817,032	(817,032)
-	450,584	(450,584)	Disaster Management	-	444,316	(444,316)
-	819,521	(819,521)	Sports Arts & Culture	-	882,641	(882,641)
-	2,519,984	(2,519,984)	Libraries	-	2,622,643	(2,622,643)
-	392,071	(392,071)	Health Services	-	363,699	(363,699)
-	-	-	Transportation And Safety	-	-	-
<u>220,937,730</u>	<u>113,357,918</u>	<u>107,579,812</u>		<u>211,760,838</u>	<u>131,311,708</u>	<u>80,449,130</u>
-	-	-	Less: transferred to CRR	-	-	-
<u>220,937,730</u>	<u>113,357,918</u>	<u>107,579,812</u>		<u>211,760,838</u>	<u>131,311,708</u>	<u>80,449,130</u>
-	-	-	Add: Share of Associate	-	-	-
<u>220,937,730</u>	<u>113,357,918</u>	<u>107,579,812</u>		<u>211,760,838</u>	<u>131,311,708</u>	<u>80,449,130</u>

APPENDIX E(1)

MORETELE LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actuals R	2008 Budget R	2008 Variance R	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus the Budget
REVENUE					
Property rates	1,378,246	1,130,087	248,159	22%	Budget amount was adjusted
Service charges	5,431,566	19,969,909	(14,538,343)	-73%	Budget amount was adjusted
Rental of facilities and equipment			-		
Interest earned - external investments	950,594	650,793	299,801	46%	Budget amount was adjusted
Interest earned - outstanding debtors	1,038,258		1,038,258		
Dividends received			-		
Fines			-		
Licences and permits			-		
Income for agency services			-		
Government grants and subsidies	202,325,867	88,821,786	113,504,081	128%	Budget amount was adjusted
Other income	636,308	459,954	176,354	38%	Budget amount was adjusted
Recoveries from expenses			-		
Gains on disposal of property, plant and equipment			-		
Total Revenue	211,760,839	111,032,529	100,728,310	90.72%	
EXPENDITURE					
Employee related costs	19,940,976	28,830,008	(8,889,032)	-31%	Budget amount was adjusted
Remuneration of Councillors	9,393,025	8,604,111	788,914	9%	Budget amount was adjusted
Bad debts	-		-		
Interest Paid	99,930		99,930		
Depreciation	16,201,170	9,212,574	6,988,596	76%	Budget amount was adjusted
Repairs and maintenance	3,227,803	1,700,623	1,527,180	90%	Budget amount was adjusted
Bulk purchases	19,111,145	11,061,316	8,049,829	73%	Budget amount was adjusted
Contracted services	18,249,048	10,308,995	7,940,053	77%	Budget amount was adjusted
Contributions to provisions	292,189				
Contributions to provision for Bad Debts	2,997,042	9,027,686		0%	
Contributions to CRF	-	9,221,757		0%	
General expenses - other	41,799,381	32,278,035	9,521,346	29%	Budget amount was adjusted
Loss on disposal of property, plant and equipment			-		
Total Expenditure	131,311,709	120,245,104	11,066,605	9%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	80,449,130	(9,212,575)	89,661,705	-973%	

APPENDIX E2
MORETELE LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	Actuals 2008	Under Construction 2008	Total Additions 2008	Budget 2008	Variance 2008	%Variance 2008	Explanation of Significant Variances greater than 10% versus the Budget
Land and Buildings							
Land and Buildings	15,998,680	-	15,998,680		15,998,680		Budgeted amount was adjusted
	15,998,680	-	15,998,680	-	15,998,680		
Infrastructure							
Drains					-		
Roads	-	-	-	4,500,000	(4,500,000)	-100%	Budgeted amount was adjusted
Sanitation	17,056,822	-	17,056,822	30,782,647	(13,725,825)	-45%	Budgeted amount was adjusted
Electricity Mains	1,204,943	-	1,204,943	4,627,117	(3,422,174)	-74%	Budgeted amount was adjusted
Water	24,226,664	-	24,226,664	17,600,974	6,625,690	38%	Budgeted amount was adjusted
	42,488,429	-	42,488,429	57,510,738	(15,022,309)	-26%	Budgeted amount was adjusted
Community Assets							
Civic Buildings	1,955,004	-	1,955,004	1,420,000	535,004	38%	Budgeted amount was adjusted
Cemeteries	497,285	-	497,285		497,285		Budgeted amount was adjusted
Emergency	-	-	-		-		
LED	1,871,167	-	1,871,167		1,871,167		Budgeted amount was adjusted
Spatial	-	-	-		-		
Sports	-	-	-		-		
	4,323,456	-	4,323,456	1,420,000	2,903,456	204%	Budgeted amount was adjusted
					-		
Housing							
Land and Buildings	61,865,054	-	61,865,054	104,550,424	(42,685,370)	-41%	Budgeted amount was adjusted
	61,865,054	-	61,865,054	104,550,424	(42,685,370)	-41%	Budgeted amount was adjusted
Other Assets							
Office Equipment	92,990	-	92,990	500,000	(407,010)	-81%	Budgeted amount was adjusted
Furniture & Fittings	49,000	-	49,000	500,000	(451,000)	-90%	Budgeted amount was adjusted
Emergency Equipment	-	-	-		-		
Motor vehicles	484,658	-	484,658	1,000,000	(515,342)	-52%	Budgeted amount was adjusted
Computer equipment	66,186	-	66,186	500,000	(433,814)	-87%	Budgeted amount was adjusted
Tools & Loose Gear	-	-	-		-		
Conservancy tankers					-		
	692,834	-	692,834	2,500,000	(1,807,166)	-72%	Budgeted amount was adjusted
	125,368,453	-	125,368,453	165,981,162	(40,612,709)	-24%	

APPENDIX F
MORETELE LOCAL MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2008

Name of grant	Name of organ of state or municipal entity	Quarterly Receipts in Rands					Quarterly Ependiture in Rands					Grants and subsidies delayed/ withheld	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant frame work in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	Mar	Jun	Total	Sept	Dec	Mar	Jun	Total			Yes/No	
Equitable Share *	National Government	18,522,742	13,892,057	23,153,428		55,568,227		18,522,742	13,892,057	23,153,428	55,568,227			Yes	
MIG "	National Government	23,453,253	3,199,058	6,195,213	11,491,000	44,338,523	10,836,926	12,179,000	13,019,721	1,551,373	37,587,020			Yes	
MSIG *	National Government	538,000	538,000			1,076,000	500,938	600,700	145,000	71,000	1,317,638			Yes	
DPLG&H "	Provincial Government	19,716,650	25,590,560	11,192,530	25,369,062	81,868,801					0			Yes	
DWAF "	National Government	4,297,500	2,078,500	2,578,500	2,202,000	11,156,500	5,523,590.00		3,168,143.19	2,000,000	10,691,733			Yes	
FMG*	National Government		250,000			250,000					0			Yes	
BPDM *	District Municipality	8,000,000				8,000,000		3,698,860	1,739,090	4,486,475	9,924,424			Yes	
		74,528,145	45,548,175	43,119,670	39,062,062	202,258,051	16,861,454	35,001,302	31,964,011	31,262,275	115,089,042				